

VZCZCXRO6762  
PP RUEHPA  
DE RUEHDK #0939/01 1081831  
ZNY CCCCC ZZH  
P 181831Z APR 06  
FM AMEMBASSY DAKAR  
TO RUEHC/SECSTATE WASHDC PRIORITY 4883  
INFO RUEHZK/ECOWAS COLLECTIVE PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY  
RUEHLMC/MCC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 DAKAR 000939

SIPDIS

SIPDIS

STATE FOR AF/W, G/TIP, AF/EPS, INR/AA AND DRL/PHD  
USDOC FOR 4510/OA/PMICHELINI/AROBINSON-MORGAN/KBOYD  
USDOC FOR 3131/CS/ANESA/OIO/BORR/GLITMAN/MSTAUNTON  
PARIS FOR POL - D'ELIA

E.O. 12958: DECL: 04/18/2011  
TAGS: [ECON](#) [EINV](#) [ENRG](#) [PGOV](#) [PHUM](#) [KMCA](#) [SG](#)  
SUBJECT: AF/W DIRECTOR CARTER EXAMINES SENEGAL'S POLITICAL  
AND ECONOMIC SITUATION

REF: A. STATE 041203 (NOTAL)

[1](#)B. DAKAR 0682 (NOTAL)

DAKAR 00000939 001.2 OF 002

Classified By: DCM Robert P. Jackson for reasons 1.4(b) and (d).

[1](#)1. (C) SUMMARY: Director of West African Affairs Phillip Carter visited Dakar, March 26 through 29, to assess the political and economic situation. He had informative exchanges with a variety of GOS officials, Islamic leaders and opposition politicians. Carter praised recent steps taken by the GOS to improve communications and transparency with the Millennium Challenge Corporation (MCC) but cautioned the GOS not to let up. Carter noted that poverty and economic conditions could affect the 2007 elections. Senegalese officials highlighted efforts to combat trafficking, attract investment and reduce poverty. END SUMMARY.

ONE WORLD FOR ALL PEOPLE  
-----

[1](#)2. (C) The Islamic Institute of Dakar gave Carter a warm welcome in its VIP room. The Director General of the Institute extolled efforts the U.S. has made since the terrorist attacks of 9/11 to better understand Islam and help Muslims better understand Americans. He said Senegalese remain a predominantly moderate, tolerant people. One member of the Institute told Carter that Islam prescribes "one world for all people." Another said, however, that the Institute is concerned about the problem of poverty and realizes Senegal must do more than just teach children the Koran. According to him, if Senegal is not able to reverse the cycle of poverty and make children into employable adults, Senegalese tolerance could slide into extremism ) a theme that the Prime Minister,s Director of Cabinet echoed.

THE WEAK OPPOSITION  
-----

[1](#)3. (C) Carter got some unique insights into Senegalese politics from discussions with Serigne Mbaye Thiam, a leading member of the Socialist Party (PS), and Abdoulaye Babou, a Deputy in the National Assembly and member of the Alliance of Forces of Progress (AFP). Thiam described a political environment in constant flux. According to Thiam, the rules change all the time; no one knows whether there will be one presidential term or two, how many Deputies will be elected to the Assembly, or even which electoral system will be used. This has made it difficult for opposition parties to

strategize. Babou echoed those sentiments, saying Wade has "mocked the institutions" of government. However, he noted a different problem for the opposition -- that they do not reach out to the critical voting communities in the villages to gain their support, as President Wade's Senegalese Democratic Party (PDS) does. (COMMENT: Babou just resigned his position as Spokesman and National Secretary in Charge of Communication for the AFP. While retaining his membership in the AFP, he has expressed intense bitterness about the way it is managed. END COMMENT.) Carter noted that the opposition must be more pro-active if it wants to change Senegal. He said there are issues, such as the problem with securing land titles, that must be dealt with now for the country's economy to grow, without waiting to see what the ruling party does.

#### TRAFFICKING

14. (C) At the Ministry of Women, Family and Social Development, Carter relayed USG support for continued GOS efforts to combat trafficking in persons (TIP). Director of Cabinet Mar Lo said the GOS has allocated 800 million CFA (USD 1.6 million) to fight TIP in 2006, working on prevention, protection and prosecution. This is the largest allocation for TIP in Senegal's history. Lo also described the many anti-TIP activities being led by the Ministry and said the GOS works "in perfect coordination" on this issue. During a subsequent meeting with World Bank ResRep Midani Tall, he said that the problem of homeless, abused and trafficked children is considerably worse than many people believe; therefore, the Bank is launching a project to address the problem and hopes to work in tandem with the Embassy and other donors.

#### TRANSPARENCY, MCA AND THE BLAME GAME

15. (C) In meetings with the Prime Minister, s Director of Cabinet, the Director General of the agency in charge of the Millennium Challenge Account (MCA) Compact, and the Director

DAKAR 00000939 002.2 OF 002

General of the Investment Promotion Agency (APIX), Carter pointed to the ongoing discussions between the GOS and the MCC over the MCA proposal. He also reminded officials that it was necessary to maintain transparency in communications and to push forward with reform. Without internally driven initiatives to improve the rule of law and stabilize the economy, the MCA will not help Senegal meet its goals of greater growth and development.

16. (C) Mahammed Dionne, the Prime Minister, s Director of Cabinet, said the MCA project is strategic for several reasons. He noted, however, that no single project will transform the economy. He also highlighted that 10 companies are responsible for 70 percent of Senegal, s industrial production, and three )- Industries Chimiques du Senegal (ICS), Sonacos (the recently privatized peanut oil producer) and the Societe Africane de Rafinage (SAR) are all facing severe challenges. Dionne said Senegal must diversify and attract more foreign direct investment. Senegal, s savings rate is 17 percent, and the economy has grown at an average of five percent per year for 10 years. However, over half the population still live in poverty, and Senegalese lack employment. Only inclusive growth can assure stability. Dionne averred that those who do not find jobs could become terrorist recruits. Carter responded, cautioning that the United States and the MCC understand the strategic importance of Senegal and of the MCA, but more must be done to increase domestic savings and to bring the informal sector into the formal. Foreign direct investment, while important, should not be construed as a panacea for growth, and it alone cannot ensure social stability nor economic prosperity.

17. (C) Habib Mbaye, the Director General of Senegal, s MCC (AMPMD), told Carter that he was going to Washington to work on Compact development. The noted that the demand survey and the land study have been completed; now the architecture and

engineering study needs to be completed. He said AMPMD has now hired an engineer. (COMMENT: Carter subsequently met with Mbaye, following his MCC meetings in Washington. Mbaye was positive about his discussions and hopeful that the GOS would sign a compact nlt the end of the year. END COMMENT.)

¶8. (C) Continuing with economic meetings, Carter sat down with APIX Director General Aminata Niane. Niane said that Senegal had attracted USD 93 million in foreign direct investment in 2005 -) up from an average of USD 70 million per year. Her biggest challenges are lack of land, lack of credit, a labor code that favors workers, an unfriendly administration and insufficient electricity. (NOTE: Underscoring her point and highlighting the fragility of both the energy sector and of the entire Senegalese economy, the electricity went on and off during several of Carter,s meetings. END NOTE.) Niane stressed that significant progress is being made, and the MCA could be an important catalyst as Senegal targets the sub-region. For the moment, Niane said she is recruiting call centers, emphasizing Senegal,s location, language and excellent telecommunications infrastructure.

¶9. (C) While these officials admitted there were economic and legal problems to address, such as the increasingly frequent electricity outages and inability to secure title to privately owned land, Iba Der Thiam, First Vice President of the National Assembly, emphatically stated that Senegal is doing great; any problems it had were minor and were caused by either the Socialists, the French or the World Bank; and the biggest challenge now is to curb the excessive liberty enjoyed by Senegalese.

COMMENT

-----

¶10. (C) Carter's visit bolstered the confidence of GOS officials in their ability to stay on track for a signed and delivered MCA, something they seemed to need. Nevertheless, he sent an important message to all interlocutors that whether they are Muslim leaders, opposition politicians, those engaged in the fight against trafficking, or officials seeking to bring economic growth to Senegal, they should continue to be realistic, active and engaged. Septel reports on Carter,s discussion of foreign policy issues. Mr. Carter has cleared this message. END COMMENT.  
JACOBS